

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-05 CIAE-00 COME-00
DODE-00 DOTE-00 INR-07 NSAE-00 EPG-02 FAA-00 SS-15
L-03 H-02 /054 W
-----090136Z 118153 /75

R 081610Z JUN 77

FM AMCONSUL CALGARY
TO SECSTATE WASHDC 2056
INFO AMEMBASSY OTTAWA
AMCONSUL WINNIPEG

UNCLAS CALGARY 0262

E.O. 11652: N/A

TAGS: EAIR, CA

SUBJ: TRANSAIR TAKE OVER

1. ACCORDING TO SENIOR PACIFIC WESTERN AIRLINES (PWA) OFFICIAL, ARRANGEMENTS HAVE BEEN FINALIZED FOR PWA S TAKE OVER OF TRANSAIR. PWA HAS AGREED TO BUY ABOUT 80 PERCENT OF TRANSAIR STOCK AT FIXED PRICE OF DOLS 1.75 PER SHARE PROVIDED IT IS GRANTED AIR RIGHTS INTO REGINA AND SASKATOON. TRAFFIC INTO LATTER TWO CITIES WOULD BE SHARED WITH AIR CANADA. PWA SOURCE INDICATED THAT TAKE OVER HAS YET TO BE APPROVED BY CANADIAN TRANSPORT BOARD BUT THAT IF ALL GOES WELL, MERGER WOULD BE CONSUMATED IN LATE FALL. PWA HAS PROVIDED TRANSAIR WITH DOLS THREE MILLION LOAN TO TIDE IT OVER UNTIL MERGER IS CONCLUDED, AND HAS SENIOR EXECUTIVES IN WINNIPEG MONITORING TRANSAIR OPERATIONS.

2. PWA OFFICIAL INDICATED THAT PWA WOULD SEEK TO MAINTAIN SOME OF TRANSAIR S ROUTES IN THE NWT, I.E., CHURCHILL, ESKIMO POINT, AND YELLOWKNIFE TO WHITEHORSE, BUT WOULD PROBABLY HIVE OFF THE LESS PROFITABLE OPERATIONS TO SMALLER AIRLINES. AIR CANADA WAS NOT WILLING TO ALLOW PWA TO HAVE FLIGHTS INTO TORONTO, BUT FOR TIME BEING IT APPEARED LIKELY UNCLASSIFIED

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THAT PWA WOULD SERVICE SOME SMALLER COMMUNITIES IN WESTERN ONTARIO WHERE TRANSAIR IS PRESENTLY THE ONLY CARRIER. CP HAS BEEN UNWILLING TO LET PWA SHARE IN ITS PROFITABLE YUKON MARKET, UNLESS IT IS OTHERWISE COMPENSATED. PWA EXECUTIVE SAID THAT IT WAS CONCEIVABLE THAT DEAL COULD BE MADE WITH CP AT SOME FUTURE DATE BUT THAT CURRENT PRESS SPECULATION ABOUT A CP-PWA MERGER WAS UNFOUNDED.

RATTRAY

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Message Attributes

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